



# Year-end report Fourth Quarter 2022

16 February 2023

Maria Khorsand, CEO & President



# Quarterly Highlights

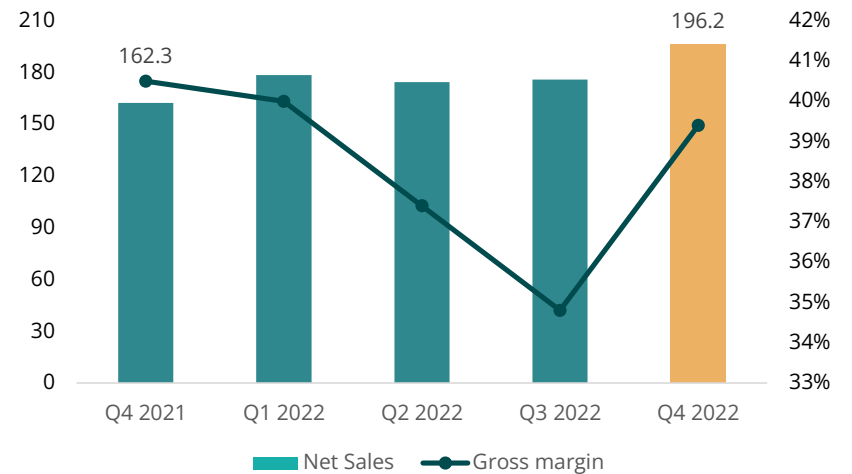
- Strongest quarter both on sales and operating profit
- Continued success in winning and implementing new contracts in Sweden
- Product sales in the United Kingdom up by 131 percent reflecting transformation from analogue to digital
- Launch of the alarm trigger Ellis, designed as a piece of jewelry to minimize stigma
- Rollout in Norway of digital keys for home care
- Action program to recover profitability completed
- Careium now well equipped to capitalize on the growth opportunities in technology-enabled care sector



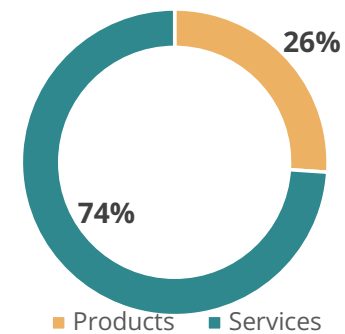
# Sales and Gross Margin Q4 2022

- Strong sales development of 20.9% supported by growth in all regions
- Continued organic sales growth, 20.9% in the quarter and 16.6% full year
- Service sales amounted to SEK 145.1 million (126.8) an increase of 14.4% compared to Q4 2021 and product sales amounted to SEK 51.1 million (35.5) an increase of 43.9%.
- Gross margin of 39.4% in the quarter (40.5%) despite increased costs for components.

Net Sales (SEKm) & Gross Margin (%)

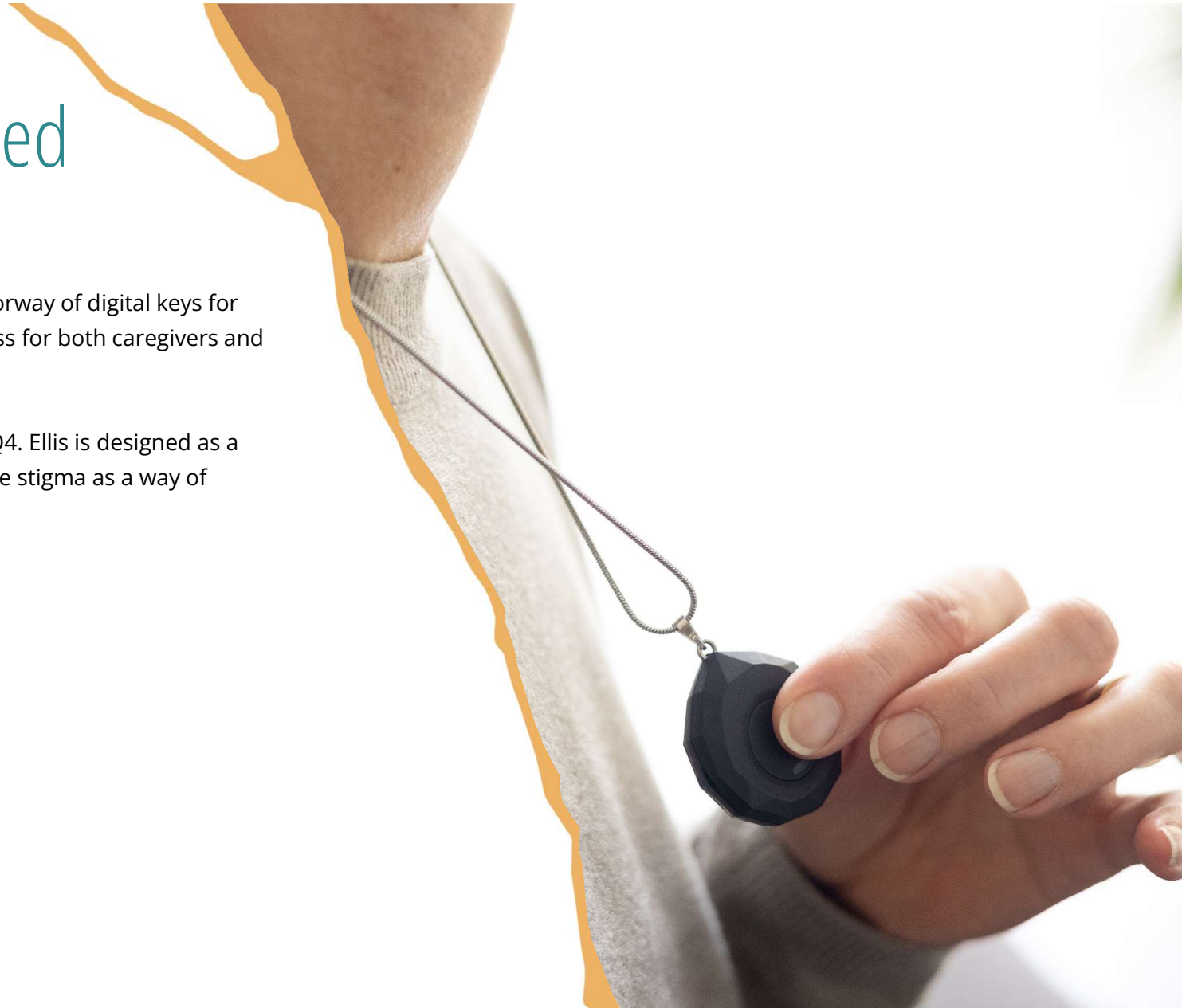


Share of Net Sales, Q4'22



# New products launched

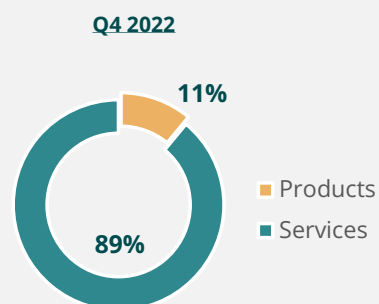
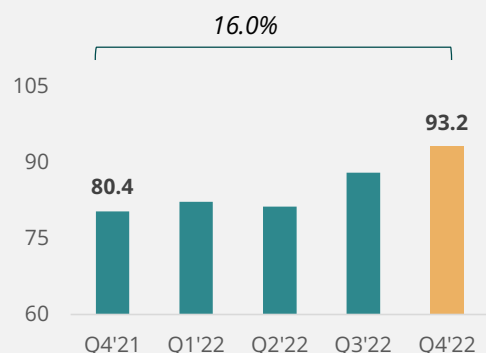
- During the quarter, we began the rollout in Norway of digital keys for home care, a system that simplifies the process for both caregivers and users.
- The new alarm trigger, Ellis, was launched in Q4. Ellis is designed as a piece of jewelry, with the aim of minimizing the stigma as a way of increasing usage and thus safety.



# Market Highlights – Nordic & United Kingdom

## NORDIC

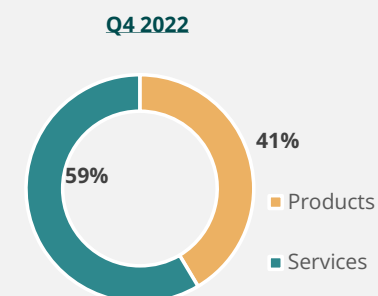
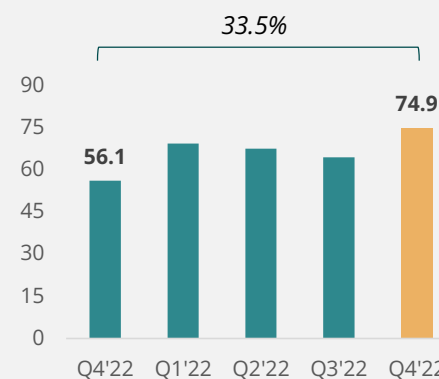
Net Sales (SEKm)



- Sales up 16.0% compared to Q4 2021. Several new contracts implemented in the quarter
- Good performance in service delivery despite high sick leave towards the end of the year in our alarm receiving centres
- Connections at the end of the period equalled 134,700, an increase of 10.5% compared to Q4 2021

## UNITED KINGDOM

Net Sales (SEKm)

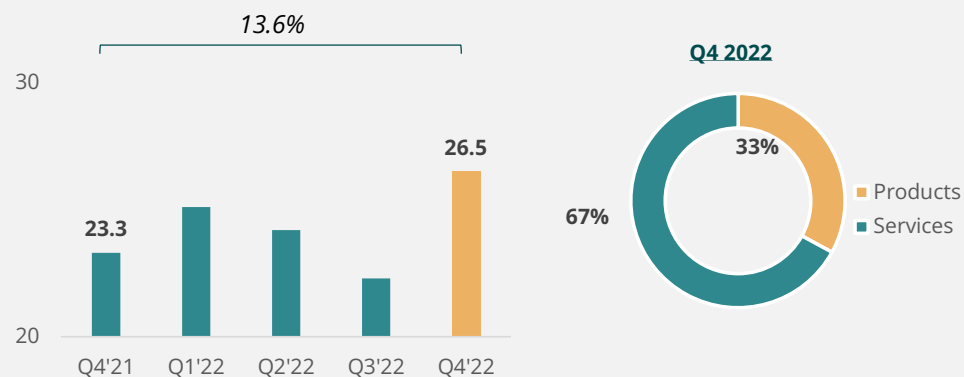


- Sales up 33.5 % compared to Q4 2021
- Product sales up 131.0% compared to Q4 2021 and 88.0% for the full year. The digital transformation has gained momentum during 2022
- Continued work on the restructuring of the region, leading to lower costs for both service delivery and administration

# Market Highlights – Central Europe & Other Markets

## CENTRAL EUROPE

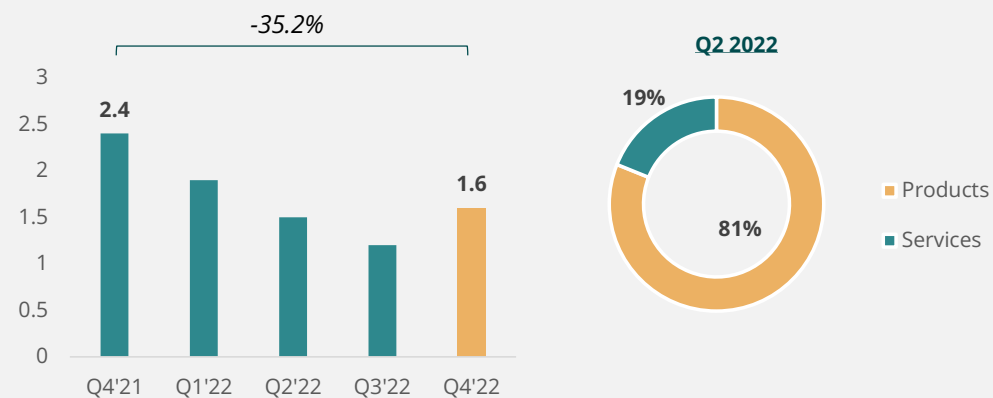
Net Sales (SEKm)



- Sales up 13.6% compared to Q4 2021
- Service sales increased mainly due to the increase in number of connections in the Netherlands
- The number of connections at the end of the period equalled 29,700, an increase of 9.5%

## OTHER MARKETS

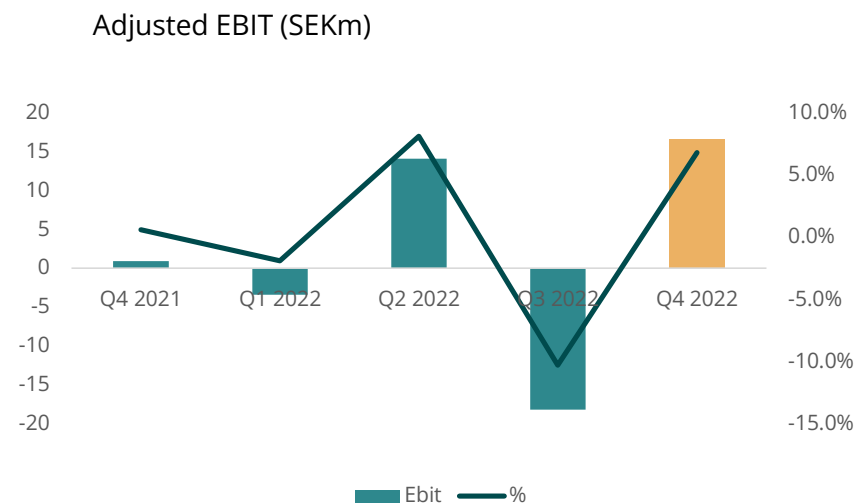
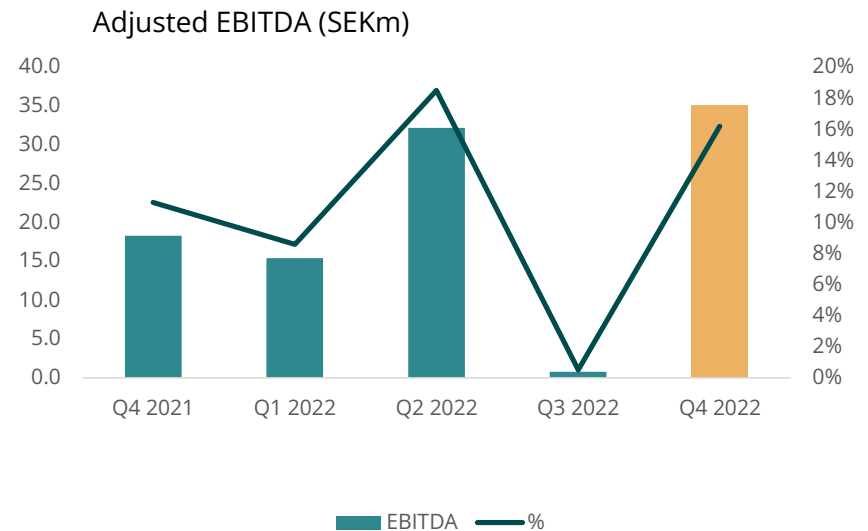
Net Sales (SEKm)



- Sales decreased by -35.2% compared to Q4 2021
- Sales in the market is mainly driven by product sales in France

# Profitability Q4 2022

- Adjusted EBITDA amounted to SEK 35.1 million (18.4). Including restructuring cost EBITDA amounted to SEK 31.8 million (17.0)
- Adjusted EBIT amounted to SEK 16.5 million (1.0). Including restructuring cost EBIT amounted to SEK 13.2 million (-0.4)
- The improved profitability is mainly explained by the growth in sales and the measures taken to decrease operating costs. The result includes SEK 7.2 million of income from the reversal of provisions for earn-outs.
- Operating profit excluding items affecting comparability amounted to SEK 9.3 million for the quarter.



# Action program to get back to profit completed

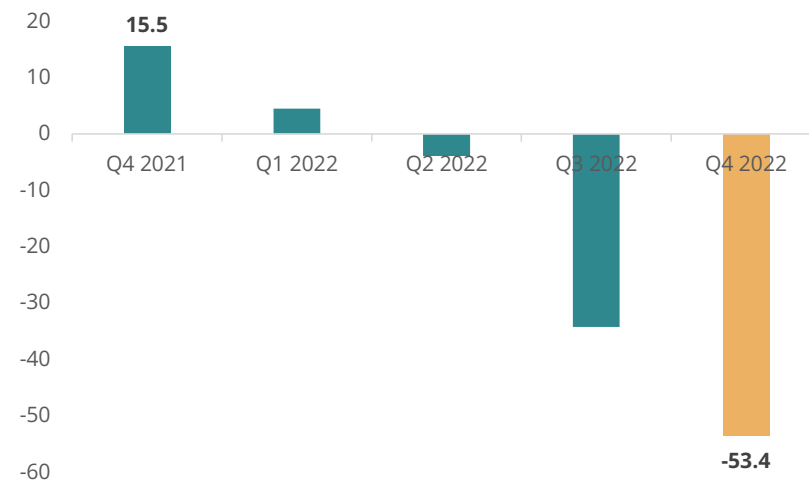
- The action program to get back to profit includes
  - restructuring of the UK operations including the close down offices, increase efficiency in the contact centre and field services, implementation of a common system for our service delivery, implementation of a new system for private pay billing and increase efficiency in administration,
  - streamline sales organisation by integrating the region Other markets with region Nordic
  - merging product management and technology development
  - creating a smaller and more unified Group management team
- The action program is expected to increase operating profit by SEK 60-80 million on an annual basis.
- Total transformation cost in 2022 amounted to approximately SEK 25 million.



# Cash Flow Q4 2022

- Cash flow from current activities during the fourth quarter amounted to SEK -32.7 million (34.1)
- Negative change in working capital compared to Q4 2021, explained by a temporarily increased working capital balance as high sales towards the end of the quarter tied up capital in accounts receivable and also by accounts payable paid down during the quarter.
- Free cash flow of SEK -53.4 million (15.5)
- Cash totalled SEK 39.9 million (142.5) at end of the year. In addition, the bank overdraft facility showed available cash of SEK 20.8 million (0).
- Net debt amounted to SEK 253.6 million at the end of the fourth quarter, compared with a net debt of SEK 204.8 million at the end of the previous quarter and a net debt of SEK 149.7 million at the end of the fourth quarter of 2021.
- At the end of the quarter, Careium complies with the agreed bank covenants waiver.

Free Cash Flow (SEKm)



# Concluding Remarks

## Q4 - Positive

- Strong sales with good organic growth
- Action program to get back to profit completed – positive effect on profitability in quarter
- Gross margin maintained despite increased costs for components
- Launch of new products, digital keys for home care and new alarm trigger, Ellis

## Q4 - Challenges

- Service delivery in UK was challenged during the quarter but improved result towards the end of the quarter and in Q1 2023
- Negative free cash flow due to temporarily increase in working capital

## Q4 – Priorities Ahead

- Continue to improve development in the UK on service delivery
- Competence and company culture development
- Relationship with customers
- Broaden our product and services offering
- Market leader in technology enabled care in Europe



Q&A

Next report: April 27, 2023

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